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Treasury Releases CRF Guidance

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Summary

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) created a Coronavirus Relief Fund (CRF), which provides \$150 billion to state, local, territorial, and tribal governments. While the law specified allowable uses of the CRF, states have been awaiting guidance to provide additional details on how these funds may be used. The Department of the Treasury released the [guidance](#) on April 22, 2020. It is summarized here.

The CARES Act and the CRF

The CRF provides \$150 billion for expenditures incurred due to the COVID-19 public health emergency, declared by the secretary of the Department of Health and Human Services (HHS) on January 31, 2020.

Allocation of funds. The law requires Treasury to make payments no later than 30 days after its enactment on March 27, 2020, as follows:

- \$8 billion set-aside for tribes
- \$3 billion set-aside for territories, including the District of Columbia and Puerto Rico. These are allocated based on relative population within the group
- \$139 billion for state and local governments, allocated by relative population with the following constraints:
 - A small-state minimum of \$1.25 billion
 - A direct payment for local governments with populations of at least 500,000, which reduces the state's allotment, calculated as follows:

$(\text{local population} / \text{state population}) * \text{total state allocation} * 45\%$

- As a result of the formula, local governments can receive no more than 45% of a state's total allotment

Table 1 at the end of this brief provides state allocations and local estimates, assuming all eligible counties apply for direct payments. Eligible municipalities also may apply, but their payments reduce payments to the county in which they are located on a dollar-for-dollar basis.

Uses. Funds can be used for costs that:

- Are necessary expenditures incurred due to COVID-19
- Are not accounted for in the budget most recently approved as of March 27, 2020

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- Are incurred during the period from March 1, 2020, to December 30, 2020.
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Treasury Guidance

The [guidance](#) and [frequently-asked-questions](#) released by Treasury are brief. The following questions and answers summarize the guidance.

Q. Can states use the CRF to backfill revenue shortfalls?

A. No. “Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.”

Q. What is the “broad range” of uses cited?

A. Expenditures must be used for “actions taken to respond to the public health emergency.” These may include direct spending, such as medical or public health needs and “second-order” spending, such as economic support for employment or business interruptions.

Q. Can states transfer a portion of the CRF to local governments?

A. Yes. Treasury permits states to transfer funds to a local government if the transfer qualifies as a necessary expenditure incurred due to the public health emergency. Such funds are subject to recoupment if they do not comply with the three uses enumerated in the CARES Act.

Q. Does Treasury provide examples of allowable uses?

A. Yes, but its list is “nonexclusive.” It includes:

- Medical expenses:
 - COVID-19-related expenses of public hospitals, clinics, and similar facilities
 - Establishing temporary public medical facilities, including construction costs
 - Providing testing, including serological testing
 - Emergency medical response expenses, such as transportation
 - Establishing and operating public telemedicine capabilities
- Public health expenses:
 - Communication and enforcement of public health orders
 - Acquisition and distribution of medical and protective supplies
 - Disinfection of public areas and other facilities, such as nursing homes
 - Technical assistance to local authorities or others on mitigation of threats to public health and safety
 - Public safety measures
 - Quarantining individuals

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- Payroll expenses for public safety, public health, health care, human services, and “similar” employees whose services are substantially dedicated to mitigating or responding to public health emergency
 - Expenses to facilitate compliance with public health measures, such as:
 - Food delivery to residents, including senior citizens and other vulnerable populations
 - Distance learning, including technology improvements, in connection with school closings
 - Improving telework capabilities for public employees
 - Providing paid sick, family, and medical leave to public employees
 - Maintaining state prisons and county jails, including sanitation and improving social distancing measures
 - Caring for homeless populations
 - Expenses to provide economic support, such as:
 - Grants to small businesses to reimburse the costs of business interruption caused by required closures
 - Expenditures related to a state, territorial, local, or tribal government payroll support program
 - Unemployment insurance costs related to the public health emergency, if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise
 - Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the CRF’s eligibility criteria.

Q. Can a state use the CRF as its share of Medicaid spending?

A. No. The guidance explicitly prohibits this.

Q. Does Treasury provide other examples of unallowable expenses?

A. Yes. It is “nonexclusive” but includes:

- Damages covered by insurance
- Payroll or benefit costs for employees not “substantially” dedicated to mitigating or responding to the public health emergency
- Expenses reimbursable under any federal program, such as state contributions to unemployment funds (the reimbursement for which is provided by the CARES Act)
- Reimbursement for donated items or services
- Workforce bonuses other than hazard pay or overtime
- Severance pay
- Legal settlements

Q. What are costs that “are not accounted for in the budget most recently approved as of March 27, 2020?”

A. A cost meets this requirement if either of the two following conditions are met:

- the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget
- the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation

Moreover, Treasury clarifies that a cost is not considered to have been accounted for in a budget merely because it can be met using a budget stabilization, rainy day, or similar reserve fund.

Q. What about COVID-19-related appropriations states may have enacted prior to March 27, 2020?

A. Treasury interprets the “most recently approved” budget to mean the enacted budget for the relevant fiscal period, “without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency.”

Q. What are the time constraints on using the CRF?

A. The CRF can be used for costs incurred from March 1–December 30, 2020. A cost is incurred when the responsible unit of government has expended funds to cover the cost. Any unused CRF funds must be returned.

Next Steps

States may already have received a portion of their CRF allocations. Once any direct local allocations are made, states will receive remaining funds. States remain concerned about the restrictive uses of the CRF and are seeking more specificity from Treasury on this. Additional question-and-answer documents may be issued by Treasury in that regard.

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Table 1**Estimated CRF Allocations**

(\$ in thousands)

State	Appropriation	Jurisdiction	Allocation	Share of State Total
Alabama	\$1,901,262	State Minimum	\$1,786,346	94.0%
		Jefferson County	114,916	6.0%
Alaska	1,250,000	State Minimum	1,250,000	100.0%
Arizona	2,822,400	State Minimum	1,856,988	65.8%
		Maricopa County	782,670	27.7%
		Pima County	182,742	6.5%
Arkansas	1,250,000	State Minimum	1,250,000	100.0%
California	15,321,285	State Minimum	9,525,565	62.2%
		Alameda County	291,634	1.9%
		Contra Costa County	201,281	1.3%
		Fresno County	174,335	1.1%
		Kern County	157,078	1.0%
		Los Angeles County	1,751,747	11.4%
		Orange County	554,134	3.6%
		Riverside County	431,091	2.8%
		Sacramento County	270,822	1.8%
		San Bernardino County	380,408	2.5%
		San Diego County	582,513	3.8%
		San Francisco County	153,824	1.0%
		San Joaquin County	132,989	0.9%
		San Mateo County	133,761	0.9%
		Santa Clara County	336,395	2.2%
		Stanislaus County	96,086	0.6%
		Ventura County	147,622	1.0%
Colorado	2,233,011	State Minimum	1,673,850	75.0%
		Adams County	90,286	4.0%
		Arapahoe County	114,570	5.1%
		Denver County	126,893	5.7%
		El Paso County	125,705	5.6%
		Jefferson County	101,708	4.6%
Connecticut	1,382,478	State Minimum	913,127	66.1%
		Fairfield County	164,604	11.9%
		Hartford County	155,598	11.3%
		New Haven County	149,149	10.8%
Delaware	1,250,000	State Minimum	927,233	74.2%
		New Castle County	322,767	25.8%
District of Columbia	495,138	Set-aside	495,138	100.0%
Florida	8,328,221	State Minimum	5,855,807	70.3%
		Brevard County	105,034	1.3%
		Broward County	340,745	4.1%
		Duval County	167,121	2.0%
		Hillsborough County	256,847	3.1%
		Lee County	134,460	1.6%
		Miami-Dade County	474,085	5.7%
		Orange County	243,147	2.9%
		Palm Beach County	261,175	3.1%
		Pasco County	96,659	1.2%
		Pinellas County	170,129	2.0%
		Polk County	126,468	1.5%
		Volusia County	96,544	1.2%

Table 1, continued
Estimated CRF Allocations
(\$ in thousands)

State	Appropriation	Jurisdiction	Allocation	Share of State Total
Georgia	\$4,117,019	State Minimum	\$3,502,871	85.1%
		Cobb County	132,639	3.2%
		DeKalb County	132,491	3.2%
		Fulton County	185,649	4.5%
		Gwinnett County	163,368	4.0%
Hawaii	1,250,000	State Minimum	862,824	69.0%
		Honolulu County	387,176	31.0%
Idaho	1,250,000	State Minimum	1,250,000	100.0%
Illinois	4,913,633	State Minimum	3,518,945	71.6%
		Cook County	898,676	18.3%
		DuPage County	161,043	3.3%
		Kane County	92,900	1.9%
		Lake County	121,540	2.5%
		Will County	120,529	2.5%
Indiana	2,610,490	State Minimum	2,442,177	93.6%
		Marion County	168,312	6.4%
Iowa	1,250,000	State Minimum	1,250,000	100.0%
Kansas	1,250,000	State Minimum	1,034,052	82.7%
		Johnson County	116,311	9.3%
		Sedgwick County	99,637	8.0%
Kentucky	1,732,388	State Minimum	1,598,595	92.3%
		Jefferson County	133,793	7.7%
Louisiana	1,802,619	State Minimum	1,802,619	100.0%
Maine	1,250,000	State Minimum	1,250,000	100.0%
Maryland	2,344,277	State Minimum	1,651,697	70.5%
		Anne Arundel County	101,072	4.3%
		Baltimore (city)	105,131	4.5%
		Baltimore County	144,370	6.2%
		Montgomery County	183,337	7.8%
		Prince George's County	158,671	6.8%
Massachusetts	2,672,641	State Minimum	1,655,621	61.9%
		Bristol County	98,626	3.7%
		Essex County	137,680	5.2%
		Middlesex County	281,229	10.5%
		Norfolk County	123,327	4.6%
		Plymouth County	90,946	3.4%
		Suffolk County	140,276	5.2%
		Worcester County	144,937	5.4%
Michigan	3,872,510	State Minimum	3,080,690	79.6%
		Kent County	114,634	3.0%
		Macomb County	152,501	3.9%
		Oakland County	219,439	5.7%
		Wayne County	305,247	7.9%
Minnesota	2,186,827	State Minimum	1,869,921	85.5%
		Hennepin County	220,880	10.1%
		Ramsey County	96,027	4.4%
Mississippi	1,250,000	State Minimum	1,250,000	100.0%

Table 1, continued
Estimated CRF Allocations
(\$ in thousands)

State	Appropriation	Jurisdiction	Allocation	Share of State Total
Missouri	\$2,379,853	State Minimum	\$2,083,702	87.6%
		Jackson County	122,670	5.2%
		St. Louis County	173,481	7.3%
Montana	1,250,000	State Minimum	1,250,000	100.0%
Nebraska	1,250,000	State Minimum	1,083,866	86.7%
		Douglas County	166,134	13.3%
Nevada	1,250,000	State Minimum	836,051	66.9%
		Clark County	413,949	33.1%
New Hampshire	1,250,000	State Minimum	1,250,000	100.0%
New Jersey	3,444,164	State Minimum	2,393,851	69.5%
		Bergen County	162,662	4.7%
		Camden County	88,375	2.6%
		Essex County	139,415	4.0%
		Hudson County	117,327	3.4%
		Middlesex County	143,967	4.2%
		Monmouth County	107,975	3.1%
		Ocean County	105,949	3.1%
		Passaic County	87,565	2.5%
		Union County	97,077	2.8%
New Mexico	1,250,000	State Minimum	1,067,817	85.4%
		Bernalillo County	182,183	14.6%
New York	7,543,325	State Minimum	5,124,818	67.9%
		Erie County	160,306	2.1%
		Monroe County	129,433	1.7%
		Nassau County	236,773	3.1%
		New York City	1,465,517	19.4%
		Suffolk County	257,655	3.4%
		Westchester County	168,822	2.2%
North Carolina	4,066,866	State Minimum	3,585,391	88.2%
		Guilford County	93,733	2.3%
		Mecklenburg County	193,749	4.8%
		Wake County	193,994	4.8%
North Dakota	1,250,000	State Minimum	1,250,000	100.0%
Ohio	4,532,573	State Minimum	3,757,478	82.9%
		Cuyahoga County	215,511	4.8%
		Franklin County	229,764	5.1%
		Hamilton County	142,643	3.1%
		Montgomery County	92,775	2.0%
		Summit County	94,403	2.1%
Oklahoma	1,534,358	State Minimum	1,281,521	83.5%
		Oklahoma County	139,146	9.1%
		Tulsa County	113,691	7.4%
Oregon	1,635,472	State Minimum	1,388,662	84.9%
		Multnomah County	141,837	8.7%
		Washington County	104,973	6.4%

Table 1, continued
Estimated CRF Allocations
(\$ in thousands)

State	Appropriation	Jurisdiction	Allocation	Share of State Total
Pennsylvania	\$4,964,107	State Minimum	\$3,935,169	79.3%
		Allegheny County	212,190	4.3%
		Bucks County	109,628	2.2%
		Chester County	91,607	1.8%
		Delaware County	98,893	2.0%
		Lancaster County	95,225	1.9%
		Montgomery County	144,988	2.9%
		Philadelphia County	276,407	5.6%
Rhode Island	1,250,000	State Minimum	910,740	72.9%
		Providence County	339,260	27.1%
South Carolina	1,996,469	State Minimum	1,905,115	95.4%
		Greenville County	91,354	4.6%
South Dakota	1,250,000	State Minimum	1,250,000	100.0%
Tennessee	2,648,085	State Minimum	2,363,434	89.3%
		Davidson County	121,123	4.6%
		Shelby County	163,528	6.2%
Texas	11,243,461	State Minimum	8,038,321	71.5%
		Bexar County	349,605	3.1%
		Collin County	180,552	1.6%
		Dallas County	459,877	4.1%
		Denton County	154,811	1.4%
		El Paso County	146,441	1.3%
		Fort Bend County	141,633	1.3%
		Harris County	822,439	7.3%
		Hidalgo County	151,583	1.3%
		Montgomery County	105,985	0.9%
		Tarrant County	366,873	3.3%
		Travis County	222,295	2.0%
		Williamson County	103,047	0.9%
Utah	1,250,000	State Minimum	934,766	74.8%
		Salt Lake County	203,604	16.3%
		Utah County	111,630	8.9%
Vermont	1,250,000	State Minimum	1,250,000	100.0%
Virginia	3,309,738	State Minimum	3,109,503	94.0%
		Fairfax County	200,235	6.0%
Washington	2,952,756	State Minimum	2,167,079	73.4%
		King County	393,093	13.3%
		Pierce County	157,912	5.3%
		Snohomish County	143,447	4.9%
		Spokane County	91,224	3.1%
West Virginia	1,250,000	State Minimum	1,250,000	100.0%
Wisconsin	2,257,711	State Minimum	1,997,295	88.5%
		Dane County	95,394	4.2%
		Milwaukee County	165,022	7.3%
Wyoming	1,250,000	State Minimum	1,250,000	100.0%
Puerto Rico	2,240,626	Set-aside	2,240,626	100.0%
Virgin Islands	74,810	Set-aside	74,810	100.0%
American Samoa	35,174	Set-aside	35,174	100.0%
Guam	117,968	Set-aside	117,968	100.0%
Northern Mariana Islands	36,284	Set-aside	36,284	100.0%
Tribes	8,000,000	Total	8,000,000	100.0%
Total	\$150,000,000		\$150,000,000	

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